[redacted] December 19, 2003 10:53 AM

To: gul@gulmoorjani.com, jas-moorjani <jas-moorjani@msn.com>
Fwd: Situation update

Begin forwarded message:

[redacted]

Date: November 30, 2003 2:13:13 PM PST
To: gul@gulmoorjani.com, deepak@moorjani.com
Subject: Situation update

Dear Dad,

I hope that you had a great Thanksgiving holiday. I went to Toledo to visit, and we spent the day with the Joseph family.

On 11/26/03, Tony Pizza and I had the chance to meet with Skybank to discuss possible solutions. In attendance were Chuck Parcher (Senior Vice President, Commercial Loans), Kenneth Nagel (Executive Vice President and Senior Credit Officer) and Felix Melchor (Vice President, Special Assets). Of this group, Kenneth is the senior member and the ultimate decision-maker. Felix is the point man, and Chuck is tangentially involved.

Before I begin, I think it's important for you to realize that there isn't any hidden agenda - we are simply trying to be helpful, and it is probably best that a third-party (in this case, Tony and I) negotiate on behalf of you and Mom. If you've gotten the impression that we're taking sides, then I apologize for my failure in this regard. Personally, I have nothing to gain or lose, and neither does Tony. In reality, you have the most to lose in this situation, because your assets are not in a pension fund and are not protected - which means that these assets are subject to seizure by the bank. In effect, we are actually working to help you more than anyone else.

Let's put it another way. You and Mom owe $1.2mm to the bank, and whether it is a mortagage, home equity line, or personal loan, the bank can pursue its claims if there is a shortfall. The liability is joint and several - which means that the bank can pursue its claims with you, Mom, or both. Also, it can be a friendly negotiation, or the dispute can go to court where the bank can get a "deficiency judgment." Looking at the assets, the bankers imagine that they will take possession of the house and something else - the Buck Road land is at the top of the list. It's free and clear of liens, and there isn't a mortgage attached to it. Mom's assets are mostly in the form of pension funds, and legally, the bank is unable to seize these assets (even in court). If you had a pension, then this would hold true for you as well.

The bank is willing to value the house at $800k, and in their minds, there is a $400k deficiency. While they are nice people, they do have a fiduciary responsibility to make any deficiency as small as possible, and as a result, they want something in addition to the house. If there is something available, then Skybank has an obligation to pursue it. This is why the land comes into play. In the end, there will likely be some movement in the numbers, and the bank will probably agree to a number that is less than $1.2mm. We have two choices, and I'd like to know your preference.

1. We offer the bank the house and the Buck Road land. This is not an attractive option, but they will probably accept this immediately.
2. We offer the bank the house and some cash (probably $50-100k). In this case, we keep the Buck Road land. I'm not sure if this cash amount will have to be paid immediately or if they will take a note (perhaps a lien on the Buck Road land that is payable when it is sold). This is not a great outcome for the bank, and it might take some negotiation to get them to accept this offer.

Personally, I think the second option is the way we should proceed. The bank has done an initial check on the Buck Road land and have been told that it is probably worth $190k (it's assessed Wood County value). As raw land, the absorption period is probably 12-18 months (meaning that it will take 12-18 months to sell it).

The question for you: How much do you want the land?

One thing to consider: in either scenario, the bank will forego interest payments until the property or properties are sold, and Skybank will assume the risk of selling and the associated costs (brokerage fees).

As an administrative item, I need to get a readable copy of the Pamela Rose agreement in order to understand any liabilities (brokerage fees) that might be generated by a bank transaction. The copy that you sent via email is not readable. Please fax to me at 309-404-8407. I think that it is also wise that you not allow (to the extent that you speak with either party) the auction/real estate company and the bank to speak to each other. This is to prevent any brokerage fee claim that might be created.

Talk to you,
Deepak